

Dan Salomon

From: Greg Hertz <moodys@cyberport.net>
Sent: Sunday, January 30, 2011 3:40 PM
To: Dan Salomon
Cc: emarntzen@gmail.com

Dan

I was hoping to get to your Business and Labor hearing on Monday in regard to HD334, but I will not be able to make the meeting. Below are the comments that I had planned on addressing at the meeting. I have also copied Chairperson Arntzen. I will also submit to the legislative web site to the entire committee. If you have any questions please contact me.

Greg

1-30-11

RE: HB334

Dear members of the Business & Labor Committee thank you for giving me the opportunity to address HB334.

My name is Greg Hertz from Polson, MT. I am the majority owner and President of Moodys Market Inc. We have been in business since 1972 and operate six retail grocery stores. Super 1 in Polson, Harvest Foods stores in Ronan, Lolo, and Thompson Falls and Blacktail Grocery in Lakeside. We also operate a Harvest Foods in St. Maries, Idaho. We employ approximately 250 employees.

The legislature must do something this session to fix workers comp. We have ignored it for too long. It is not impossible to fix. The concept of insurance is simple – You pay in premiums in a common pool to share risk and spread out the cost. If you pay out too much you need to increase premiums. We have ignored the payouts and have increased premiums and now we have the highest premiums in the nation. We cannot continue to raise premiums. We must reduce the payouts.

During 2000, 2001, and 2002 my WC premiums averaged 2.5% of my gross payroll in both Montana and Idaho. During the last three years my WC premiums in Montana have increased to 6.5% of my gross payroll, a 4% increase. My rates in Idaho have only increased 1% to 3.5%. Ten years ago WC was my 15th largest expense. It is now one of my top 5 expenses. Wages and related benefits make up the majority of my controllable expenses. Due to this increase in WC I have had to reduce other benefits to my employees, delayed hiring more employees and been very cautious on expansion projects.

Our primary WC code for grocery employees is code # 8033. The rate for this code in Montana is \$5.91 and the rate in Idaho for the same code is \$3.08.

I have done what I can do as an employer. Over the last several years I have put a stronger emphasis on safety and accident control in our company. I have put in place incentive programs for all of our employees so that every employee in my company can receive a monetary incentive for reducing accidents.

I like many other employers have done what we can do we now need the legislature to do your part.

One area of concern is the payments made to medical providers are higher under WC than they might be with regular Health Insurance. I have had several long-term employees who might have a bad knee, shoulder or back and have gone to their doctor to discuss their problem and many times one of the first questions the doctors ask did you hurt this at work. Are you sure you did not hurt this at work? Why are they asking this – because reimbursement rates are higher under WC than they might be under our Blue Cross health insurance?

I do not blame the doctors for asking these questions as they are just trying to get higher reimbursement rates. We must reduce these medical payments and do a better job of managing medical payments so they are more inline with reimbursements under health care plans. This bill seems to address that issue.

A couple of other issues that need to be addressed are as follows: To many of my claims are open for extended periods of time. These claims need to be closed and not left open ended. We currently have one claim that has been open for over 5 years. During the claims process some of our employees also retain an attorney. We need to make it less of an incentive to hire attorney and or simplify the process so employees do not feel the need to obtain an attorney.

There is also a problem that is the result of our aging work force and our improved medical procedures. I am not sure how to fix this but it must also be reviewed. Many of our company's major WC claims are for injuries that I do not believe that were a result of working for our company. These are generally joint and back problems.

Let me give you some examples:

Employee #1 – Worked for 18 months and strained wrist while slicing a 5-pound ham on a slicer. – Total cost \$58,000

Employee #2 – Worked six months and strained shoulder while checking – Total cost \$36,000

Employee #3 – Worked 18 months and strained lower back while facing shelves. – That means pulling goods to the front of the shelf – Total cost \$172,000

Employee # 4 – Worked for 18 months and hurt both shoulders and later a bicep while moving product. – Total cost \$134,000

I believe that these employees came to work for our company with previous medical problems. We may have aggravated the problems but I do not feel we created the problem. Yet under WC we are responsible to completely fix an employee's medical condition even though we may not have created the problem.

I am not sure how to fix this but with our aging population and improved medical procedures we cannot ignore this issue. A possible solution might be to calculate my contribution to that employee's particular problem and charge my WC account for that portion.

I do not have a problem with taking care of claims caused by accidents at work but WC cannot be used to fix non-work related problems.

Please support HB 334. It is a good start to fixing the problem.

Thank you

Gregory J. Hertz

President, Moodys Market Inc.